

Message Text

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ORIGIN EB-07

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FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST PRIORITY

C O N F I D E N T I A L STATE 166889

E.O. 11652: GDS

TAGS: EAIR, RO

SUBJECT: EXTENSION OF AIR TRANSPORT AGREEMENT

REF: (A) BUCHAREST 5238; (B) BUCHAREST 5142;
(C) BUCHAREST 4672

1. DEPT, IN CONSULTATION WITH CAB, DECIDED IT WOULD BE APPROPRIATE TO REPLACE ENTIRELY THE EXCHANGE OF LETTERS OF DECEMBER 4, 1973 ANNEXED TO THE ATA. FOLLOWING IS AUTHORIZED TEXT OF NEW EXCHANGE OF LETTERS. WE PROPOSE AMBASSADOR SIGN FOR US WITH ACKNOWLEDGING RESPONSE FROM APPROPRIATE LEVEL GOR OFFICIAL CONSTITUTING NEW AGREEMENT. TEXT OF LETTER WILL BE PROVIDED ROMANIAN EMBASSY.

2. BEGIN TEXT:

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QUOTE. EXCELLENCY: I HAVE THE HONOR TO REFER TO THE AIR TRANSPORT SERVICES AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF ROMANIA SIGNED AT WASHINGTON ON DECEMBER 4, 1973.

IN ORDER TO ASSURE THAT THE AGREEMENT REFLECTS AN EQUITABLE

EXCHANGE OF OPPORTUNITIES AND BENEFITS FOR THE AIRLINES OF

EACH COUNTRY, AFTER TAKING INTO ACCOUNT THE NATURE OF THE RESPECTIVE MARKETS AND THE COMMERCIAL ACCESS WHICH EACH COUNTRY IS ABLE TO MAKE AVAILABLE TO THE OTHER, I PROPOSE, ON BEHALF OF MY GOVERNMENT, THAT THE AGREEMENT BE EXTENDED THROUGH DECEMBER 31, 1978, SUBJECT TO THE FOLLOWING SUPPLEMENTARY UNDERSTANDINGS:

1. THE ROMANIAN DESIGNATED AIRLINE WILL APPOINT THE UNITED STATES DESIGNATED AIRLINE AS ITS GENERAL SALES AGENT AND AIRPORT GROUND HANDLING AGENT IN THE UNITED STATES. ALL SALES OF AIR TRANSPORTATION IN THE UNITED STATES ON SERVICES OF THE ROMANIAN DESIGNATED AIRLINE WILL BE ACCOMPLISHED THROUGH THE UNITED STATES DESIGNATED AIRLINE AS GENERAL SALES AGENT. UNDER THE GENERAL SALES AGENCY AGREEMENT TO BE ENTERED INTO BY THE DESIGNATED AIRLINES, THE UNITED STATES DESIGNATED AIRLINE WILL APPOINT AND CONTROL SALES AGENTS AT ITS DISCRETION, TAKING INTO ACCOUNT THE REQUESTS AND RECOMMENDATIONS OF THE ROMANIAN DESIGNATED AIRLINE. THE GENERAL SALES AGENCY AGREEMENT MAY ALSO PROVIDE FOR THE PLACEMENT OF ADVERTISING AND OTHER MATTERS COMPARABLE TO THOSE REQUIRED TO BE PERFORMED BY THE ROMANIAN DESIGNATED AIRLINE AS GENERAL SALES AGENT FOR THE UNITED STATES DESIGNATED AIRLINE IN ROMANIA. THE FOREGOING GENERAL SALES AGENCY AGREEMENT WILL BE SUBJECT TO APPROVAL
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BY THE RESPECTIVE AERONAUTICAL AUTHORITIES.

2. (A) THE UNITED STATES DESIGNATED AIRLINE WILL CONTINUE TO ENJOY AT ITS OFFICES IN THE SOCIALIST REPUBLIC OF ROMANIA THE RIGHT, TO THE EXTENT CURRENTLY PERMITTED, TO SELL AIR TRANSPORTATION TO ANY PERSON, FOR FREELY CONVERTIBLE CURRENCY USING ITS OWN TRANSPORTATION DOCUMENTS.

(B) SALES OF AIR TRANSPORTATION IN ROMANIA FOR ROMANIAN CURRENCY ON ALL SERVICES OF THE DESIGNATED AIRLINE OF THE UNITED STATES WILL CONTINUE TO BE MADE, THROUGH THE DESIGNATED AIRLINE OF ROMANIA AS GENERAL SALES AGENT FOR THE UNITED STATES DESIGNATED AIRLINE, IN COMPLIANCE WITH ROMANIAN CURRENCY LAWS.

(C) THE REVENUES EARNED FROM SALES PERFORMED UNDER SUB-PARAGRAPH (B) ABOVE MAY, AT THE OPTION OF THE DESIGNATED AIRLINE OF THE UNITED STATES, BE USED IN WHOLE OR IN PART TO COVER ITS LOCAL EXPENSES CONNECTED WITH THE OPERATION OF ITS AIR SERVICES AND WITH THE ACTIVITIES OF ITS LOCAL REPRESENTATIVES AND, WITH THE APPROVAL OF THE ROMANIAN AUTHORITIES, FOR OTHER PURPOSES. LOCAL EXPENSES FOR WHICH

SUCH REVENUES MAY BE USED AS A MATTER OF RIGHT INCLUDE
RENT AND MAINTENANCE OF OFFICES AND HOUSING, SALARIES OF
EMPLOYEES, PURCHASE AND MAINTENANCE OF COMPANY VEHICLES,

ADVERTISING, LANDING AND OTHER AIRPORT FEES, AIRPORT
GROUND HANDLING FEES, CATERING AND DOMESTICALLY PRODUCED
ITEMS NECESSARY FOR THE MAINTENANCE AND SERVICING OF
AIRCRAFT.

(D) ANY REVENUES IN EXCESS OF SUMS LOCALLY DISBURSED IN
ACCORDANCE WITH SUBPARAGRAPH (C) ABOVE MAY BE CONVERTED
AND REMITTED IN UNITED STATES CURRENCY IN ACCORDANCE WITH
PARAGRAPH 3 OF ARTICLE XIV.

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3. THE ROMANIAN AUTHORITIES WILL USE THEIR BEST EFFORTS
TO ENSURE THAT THE COMMERCIAL OPPORTUNITIES OF THE UNITED
STATES DESIGNATED AIRLINE IN THE SOCIALIST REPUBLIC OF
ROMANIA ARE FURTHER EXPANDED. IN NO EVENT WILL THE UNITED
STATES DESIGNATED AIRLINE ENJOY LESS FAVORABLE COMMERCIAL
OPPORTUNITIES IN THE SOCIALIST REPUBLIC OF ROMANIA THAN
ANY OTHER FOREIGN AIRLINE.

4. (A) THE DESIGNATED AIRLINE OF ROMANIA WILL ENJOY THE
RIGHT TO OPERATE ON ITS ROUTE THE FOLLOWING NUMBER OF
ROUNDTrip FREQUENCIES PER WEEK, INCLUDING EXTRA SECTIONS,
DURING THE PERIODS INDICATED:

PERIOD	NUMBER OF FREQUENCIES
1977 SUMMER SEASON	2
1977-78 WINTER SEASON	2
1978 SUMMER SEASON	2
1978 WINTER SEASON THROUGH 12/31/78	2

(B) ADDITIONAL FREQUENCIES, INCLUDING EXTRA SECTIONS,
WILL BE OPERATED ONLY FOLLOWING APPROVAL BY THE UNITED
STATES AERONAUTICAL AUTHORITIES. REQUESTS FOR ADDITIONAL
FREQUENCIES WILL BE MADE BY FILING THE PROPOSED SCHEDULE
THROUGH DIPLOMATIC CHANNELS AT LEAST 120 DAYS BUT NOT MORE
THAN 180 DAYS BEFORE ITS PROPOSED EFFECTIVE DATE, AND THE
ROMANIAN AUTHORITIES WILL BE INFORMED OF THE DECISION MADE
BY THE UNITED STATES AUTHORITIES NO LATER THAN 60 DAYS
AFTER THE UNITED STATES AUTHORITIES RECEIVE THE REQUEST.
REQUESTS FOR EXTRA SECTIONS WILL BE MADE BY FILING THROUGH
DIPLOMATIC CHANNELS AT LEAST 15 DAYS BEFORE THE PROPOSED
DATE OF OPERATION. ANY ADDITIONAL FREQUENCIES, INCLUDING
EXTRA SECTIONS, WHICH MAY BE APPROVED BY THE UNITED STATES
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AERONAUTICAL AUTHORITIES FOR SERVICE ON A PARTICULAR ROUTE WILL BE OPERATED WITHOUT TRAFFIC RIGHTS BETWEEN INTERMEDIATE POINTS ON THE ROUTE AND NEW YORK.

5. THE ROMANIAN DESIGNATED AIRLINE WILL UNDERTAKE A TWO-YEAR QUOTA FOR SALES ON THE UNITED STATES DESIGNATED

AIRLINE AMOUNTING IN CALENDAR 1977 AND 1978 TO 40 PERCENT AND 50 PERCENT, RESPECTIVELY OF THE TRANSATLANTIC PASSENGER MARKET FOR WHICH PAYMENT IS MADE IN ROMANIAN CURRENCY AS DEFINED IN THE MEMORANDUM OF UNDERSTANDING BETWEEN THE DESIGNATED AIRLINES OF THE CONTRACTING PARTIES SIGNED IN BUCHAREST ON JANUARY 26, 1977. FOR THE PURPOSE OF IMPLEMENTING THE QUOTA, THE DESIGNATED AIRLINES WILL MEET TO ESTABLISH QUARTERLY SALES TARGETS AND TO REVIEW PERIODICALLY COMPLIANCE WITH THE QUOTA. THE DIFFERENCE, IF ANY, BETWEEN THE AGREED SALES QUOTA OF 40 PERCENT OF THE TRANSATLANTIC PASSENGER MARKET FOR WHICH PAYMENT IS MADE IN ROMANIAN CURRENCY AND THE ACTUAL 1977 SALES SHALL BE ADDED TO THE 1978 QUOTA.

6. IN THE EVENT SALES FOR ANY QUARTER ARE LESS THAN THE AMOUNT AGREED BY THE DESIGNATED AIRLINES, PROMPT CONSULTATIONS SHALL BE HELD BETWEEN THE DESIGNATED AIRLINES, OR IF REQUESTED, BETWEEN THE TWO GOVERNMENTS, IN ORDER TO MAKE APPROPRIATE ADJUSTMENTS. IF AGREEMENT ON SUCH ADJUSTMENTS CANNOT BE REACHED, THE UNITED STATES GOVERNMENT MAY GIVE NOTICE OF INTENTION TO TERMINATE THE AIR TRANSPORT AGREEMENT AND, UNLESS SUCH NOTICE IS WITHDRAWN, THE AIR TRANSPORT AGREEMENT SHALL TERMINATE 60 DAYS AFTER THE DATE OF RECEIPT OF THE NOTICE OF INTENTION TO TERMINATE.

7. THE PROVISIONS OF THIS LETTER WILL SUPERCEDE THE EXCHANGE OF LETTERS DATED DECEMBER 4, 1973, ATTACHED TO THE AIR TRANSPORT SERVICES AGREEMENT.

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8. THE CONTRACTING PARTIES WILL CONSULT, AT THE REQUEST OF EITHER PARTY, BEFORE DECEMBER 31, 1978, TO CONSIDER FURTHER EXTENSION OF THE AIR TRANSPORT AGREEMENT.

IF THESE UNDERSTANDINGS ARE ACCEPTABLE TO YOUR GOVERNMENT, I HAVE THE HONOR TO PROPOSE THAT THIS LETTER AND YOUR REPLY TO THAT EFFECT CONSTITUTE AN AGREEMENT BETWEEN OUR

TWO GOVERNMENTS RELATING TO AND EXTENDING THE AIR TRANSPORT SERVICES AGREEMENT.

ACCEPT, EXCELLENCY, THE ASSURANCES OF MY HIGHEST CONSIDERATION. UNQUOTE.

END TEXT.

3. DEPT WEIGHED CAREFULLY AND DISCUSSED FULLY WITH CAB AND PAN AM, EMBASSY SUGGESTIONS PARA 5 REF C. PAN AM EXPRESSED VIEW THAT MONTHLY SALES TARGETS BASED ON VISA ISSUANCE FIGURES WOULD BE CUMBERSOME AND INVOLVE EXCESSIVE WORK. QUARTERLY QUOTA TARGETS, IT WAS AGREED, WOULD BE

LESS BURDENSOME FOR ALL PARTIES CONCERNED AND COMPLIANCE REVIEW SCHEDULE CAN BE ESTABLISHED BY AIRLINES. SEMI-ANNUAL REVIEW MAY BE ADEQUATE.

4. LINKAGE OF CHARTER LEVEL TO PERFORMANCE ON SCHEDULED SERVICE SALES IS PHILOSOPHICALLY BOTHERSOME AND PRACTICALLY IT WOULD REQUIRE REMOVAL OF RIGHTS GIVEN TAROM BY CAB IN FOREIGN AIR CARRIER PERMIT. AMENDMENT OF FOREIGN AIR CARRIER PERMIT WAS NOT BELIEVED DESIRABLE OR FEASIBLE FOR THIS PURPOSE. VANCE

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Message Attributes

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